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C O N F I D E N T I A L SECTION 01 OF 03 BANGKOK 004998

SIPDIS

E.O. 12958: DECL: 08/03/2015

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SUBJECT: THAILAND: THAKSIN'S FIRST CABINET RESHUFFLE
BRINGS FEW NEW FACES

REF: BANGKOK 4238

Classified By: AMBASSADOR RALPH L. BOYCE. REASON: 1.4 (D)

¶1. (C) Summary: Prime Minister Thaksin unveiled the first reshuffled cabinet of his second administration on August 2. Though Thaksin made a significant number of changes within his cabinet, there were few new faces. Ostensibly, the reshuffle sought to demonstrate Thaksin's resolve to confront a slowing economy, corruption allegations and continuing violence in the country's deep south. In fact, it had more to do with juggling political concerns among factions in his Thai Rak Thai party. For the time being, policy changes and implementation are likely to be slower as ministers learn their new portfolios and juggled reporting lines and responsibilities are settled. The majority of the Thai public is unlikely to be convinced that real changes in government policy or performance are afoot. The latest Thaksin Cabinet follows in para. 2. End Summary.

¶2. (U)

New Cabinet members:

Air Chief Marshal Kongsak Vantana - Minister of Interior

Pongsak Ruktapongpisal - Minister of Transport

Pravit Rattanaphien - Minister of Science

Gen. Chaiyanan Charoensiri - Deputy Minister of Transport

Ministers with new portfolios (13):

Somkid Jatusripithak - Deputy PM & Minister of Commerce
(Previously Deputy PM & Minister of Finance)

Pol. Gen. Chidchai Vanasatidya - Deputy PM & Minister of Justice
(Previously Deputy PM & Minister of Interior)

Suwat Liptapanlop - Deputy PM
(Previously Minister of Justice)

Suriya Jungrungreankit - Deputy PM & Minister of Industry
(Previously Minister of Transport)

Newin Chidchob - Minister attached to the PM's Office
(Previously Deputy Minister of Agriculture & Cooperatives)

Pracha Maleenont - Minister of Tourism & Sports
(Previously Minister of Social Development and Human Security)

Somsak Thepsutin - Minister of Labor
(Previously Minister of Tourism & Sports)

Adisorn Piangket - Deputy Minister of Agriculture & Cooperatives
(Previously Deputy Minister of Transport)

Preecha Laohapongchana - Deputy Minister of Commerce
(Previously Deputy Minister of Foreign Affairs)

Thanong Bidaya - Minister of Finance
(Previously Minister of Commerce)

Sora-at Klinpratoom - Minister of Information and Communications Technology
(Previously Minister of labor)

Wattana Muangsook - Minister of Social Development & Human Security
(Previously Minister of Industry)

Chaturon Chaisang - Minister of Education
(Previously Deputy Prime Minister)

Ministers removed (3):

Suwit Khunkitti - Minister of Information & Communications Technology

Korn Dabbaransi - Minister of Science and Technology

Adisai Bhodaramik - Minister of Education

A SOP TO FACTIONAL POWER IN THE TRT

13. (C) The reshuffle appears to be a boost for the Wang Nam Yom faction in the Thai Rak Thai (TRT) party. Faction leader and former Transport Minister Suriya Jungrungreankit, under fire over the CSX airport corruption scandal, was not only moved sideways to the "A-list" Industry Ministry, but was also appointed Deputy Prime Minister. This appears to be designed to help shield Suriya (and Thaksin) from continuing accusations of irregularities committed during his watch in the award of construction bids (including accusations by the opposition against Thaksin's sister Yaowaret) for the new airport. It should also satisfy the powerful Wang Nam Yom faction, which consists of about over 100 MPs mainly from the TRT stronghold in the country's Northeast. Suriya's fellow faction leader Somsak Thepsutin also did well in his switch from Tourism to Labor Minister.

14. (C) Another major, though waning faction within the TRT, the Wang Nam Yen, retained its Culture Ministry seat, held by faction leader Sanoh Thienthong's wife, Uraiwan, despite Sanoh having skirmished with Thaksin earlier this year. Sanoh's open defiance of Thaksin, ostensibly over his spending policies but actually over Sanoh's unhappiness over what he considered shabby treatment in the award of government positions by the Prime Minister, was the first open factional revolt within the TRT. But Sanoh's supporters largely backed away from Sanoh when called upon to support Transport Minister Suriya in last June's censure debate. Sanoh has been quiet since, and Thaksin wanted to keep him that way.

15. (SBU) Sudarat Keyuraphan, close to Thaksin and head of the strong TRT Bangkok faction, retained her important Agriculture Ministry. Deputy Agriculture Minister Newin Chidchob, head of the "Buriram faction" of former Chart Thai party defectors to the TRT, became Minister attached to the PM's Office. There had been rumors of tension between Newin and Sudarat.

16. (C) Factional politics probably also played a role in the appointments of Preecha (financier of Wang Phatanak faction -- allied with the Wang Bua ban faction headed by Thaksin's sister Yaowapa) and Sora-at (defector from Wang Nam Yen). Pracha is a major TRT financier, Watana represents the CP Company (another major contributor to the TRT), ACM Kongsak recently married the personal secretary of Thaksin's wife, Gen. Chaiyanan is a close friend of Gen. Chaiyasisit Shinawatra (Thaksin's cousin), and Pongsak was the Prime Minister's close advisor.

17. (C) Military class politics may have played a role in General Chaiyanan's entry into the cabinet. He was the commanding general of the Royal Thai Supreme Command's Armed Forces Development Command, an organization that does not have a counterpart in the U.S. military. The AFDC primarily oversees nation-building and construction projects, among other things, administered by the Supreme Command. Historically, it affords offers many opportunities for feathering ones nest. Chaiyanan is from the same military academy class as Chaiyasisit Shinawatra. By resigning his post, he allows his deputy, LTG Pornchai Kranlert, to serve as the acting head of the AFDC. Pornchai was the President of Class 10 (Thaksin's class) and will likely be promoted to four star and made permanent head of the AFDC in October. Thus continues the phenomenon of Thaksin's Class 10 taking powerful positions within the Thai military and police.

FINANCE AND COMMERCE PORTFOLIOS SWAPPED

18. (C) The swapping of the Finance and Commerce portfolios was an effort to put Dr. Thanong Bidaya, a former Governor of the Central Bank, into a portfolio more appropriate to his background, especially as the RTG plans to move bank regulatory functions from the Bank of Thailand to a new regulatory structure under the Finance Ministry. In moving over to head the Commerce Ministry, Dr. Somkid Jatusripitak failed to remove himself from operational responsibility of a ministry, a goal of his for the past several months. Somkid had sought to confine himself to overseeing macroeconomic issues, including FTAs. Sources tell us that his "failure" to do so is a combination of Thaksin's confidence in Somkid's abilities, as well as an inability to attract new people of sufficiently high caliber to important positions. It is not yet clear whether, with Suriya now Minister for Industry as well as a Deputy Prime Minister, the economic-related ministers (Finance, Commerce and Industry) will continue to report to Somkid as Deputy Prime Minister for Economic issues. Also unanswered is which minister will lose his position when the Commerce and Industry ministries complete their planned merger.

OLD WINE IN OLD BOTTLES

19. (C) Comment: The first Cabinet of Thaksin's second administration (unveiled in March, 2005) failed to generate much enthusiasm. This one won't fare much better. Of

primary interest to U.S. interests will be the government's approach to dealing with southern unrest as well as its efforts to cope with slowing economic growth (not to mention the U.S.-Thai FTA). Although key ministries bear watching (Chidchai, Somkid and Thanong come to mind), Thaksin will continue to call all the important shots. End Comment.
BOYCE